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SPEECH

OF

HON. DANIEL WEBSTER,

AT THE MERCHANTS' MEETING, IN WALL STREET, NEW YORK,
ON MONDAY, SEPTEMBER 28, 1840.

REPORTED IN FULL BY ARTHUR J. STANSBURY.

NEW YORK:

PUBLISHED BY E. FRENCH, No. 126 FULTON STREET.

1840.

Entered according to Act of Congress, in the year 1840, by
E. FRENCH,
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SPEECH.

I am duly sensible, my fellow-citizens, both of the honor, and of the responsibility, of the present occasion; an honor it certainly is, to be requested to address a body of Merchants, such as I behold before me, as intelligent, as enterprising and respectable as any in the world. A responsible undertaking it is, to address such an assembly, and on a subject which many of you understand scientifically, and in its elements at least as well as I do, and with which most of you have more or less of practical acquaintance. The currency of a country is a subject always important, and in some measure complex; but it has become the great leading question of our time. I have not shrunk from the expression of my opinions, since I have been in public life, nor shall I now, especially since on this question, another great political question seems likely to turn, viz. the question whether one Administration is about to go out of power, and another Administration to come into power. Under this state of circumstances, it becomes me to premise what I have now to say, by remarking, in the first place, that I propose to speak for nobody but myself. My general opinions on the subject of the currency have been well known; and as it has now become highly probable that those who have opposed all that has recently been done by the government on that subject, will be called on to propose some remedies of their own for the existing state of things, it is the more incumbent on me to notify to all who hear me, that what I now say, I say for myself alone; for, in regard to the sentiments of the distinguished individual whom it is your purpose to support as a candidate for the Presidency, I have no more authority to speak than any of yourselves, nor any means of knowing his opinions more than is possessed by you, and by all the country.

I will, in the first place, state a few general propositions, which I believe to be founded on true principles of good, practical political economy, as understood in their application to the condition of a country like ours.

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And first; I hold the opinion, that a mixed currency, composed partly of gold and silver, and partly of good paper, redeemable, and steadily redeemed in specie, on demand, is the most useful and convenient for such a country as that we inhabit, and is sure to continue to be used, to a greater or less extent, in these United States; the idea of an exclusive metallic currency being either the mere fancy of theorists, or, what is probably more true, being employed as a means of popular delusion.

I believe, in the next place, that the management of a mixed currency, such as I have mentioned, has its difficulties, and requires considerable skill and care; and this position is as true, in respect to England, the greatest commercial country of Europe, as it is of the United States. I believe, further, that there is danger of expansion and of contraction, both sudden in their recurrence, in the use of such a currency—yet I believe, that where a currency altogether metallic exists, as it does in Cuba, and in other countries where metallic coin is most in use, as in France, there are fluctuations in prices, there are disasters and commercial failures, occurring perhaps nearly as often, and perhaps as bad in their character, as in countries where a well regulated paper currency exists.

In the next place, I hold that the regulation of the currency, whether metallic or paper—that a just and safe supervision over that which virtually performs the office of money, and constitutes the medium of exchange, whatever it may be—necessarily pertains to government—that it is one of the necessary and indispensable prerogatives of government.

Every Bank, as Banks are now constituted in this country, performs two distinct offices or functions: first, it discounts Bills and Notes. This is a mere matter of the lending of money, and may be performed by corporations, or by individuals, by banks without circulation, acting as banks of discount merely, (although, in this country, our banks are all banks of circulation, issuing paper with an express view to circulation.) When such a bank discounts notes, it pays the amount of discount in its own bills, and thereby adds so much to the actual amount of circulation, every such operation being, by so much, an increase of the circulating medium of the country. Hence it is true, that in the absence of all government control and supervision, the wisdom and discretion regulating the amount of money afloat at any time in the community, is but the aggregate of the wisdom and discretion of all the banks collectively considered; each individual bank acting from the promptings of its own interest, without concert with others, and not from any sense of public duty. In my judgment such a regulator, or such a mode of regulating the currency, and of deciding what shall be the amount of money at any time existing in the community, is unsafe and untrustworthy, and is one to which we

never can look to guard us against these excessive expansions and contractions, which have been the source of such injurious consequences.—Hence arises my view of the duty of Government, to take the care and control of the issues of these local institutions, and thereby to guard the community against the evils of an excessive circulation. I am of opinion, that the government may establish such a control and supervision as shall accomplish these purposes in two ways; and first, by restraining the issues of the local banks. You all know, and from experience, perfectly well, that a general institution for the circulation of a currency, which shall be as good in one part of the country as in another, if it shall possess a competent capital, and shall be empowered to act as the fiscal agent of the government, is capable of controlling excessive issues, and keeping the bank paper in circulation in a community within reasonable limits. Such an institution acts beneficially, too, by supplying a currency which is of general credit, and uniform in value throughout the country.

This brings us to the point—what we need, and what we must have, is some currency, which shall be equally acceptable in the Gulf of Mexico, in the Valley of the Mississippi, on the Canada frontier, on the Atlantic Ocean, and in every town, village, and hamlet of our extended land. (Loud cheering.) The question is, *how to get this?* Now it seems to me that that question is to be answered by a plain reference to the condition of the country, to the form of its government, and to the objects for which the general government was constituted. Why is it that no state bank paper, however secure, under institutions however respectable, in cities however wealthy, and with a capital however ample, has ever succeeded, but has uniformly failed to give a national character to the currency? The cause of this is obvious. We live under a government which makes us, in many important respects, one people, and which does this, and was intended to do it, especially, in whatever relates to the commerce of the country. Yet the nation exists in twenty-six distinct and sovereign states, extending over a space as wide almost as the greatest empires of Europe. In this state of things every man knows, and is bound to know, two governments; first, the government of his own state. If that state has established banks, he knows, and is bound to know, on what principles these banks have been established, whether they are safe, as objects of credit, and whether the laws of their administration are wise. Generally speaking, these state institutions—I refer now more particularly to those in the central, and in the northern and eastern sections of the Union, because with these I am best acquainted—enjoy the confidence of the people of the several states where they exist. Their issues are in general well received, not only in the states where the banks are established, but frequently also in the neighboring states.—Every citizen is also bound, in like manner, to

know the laws of the general government, the security of the institutions it has founded, and their general character; and since this is a national subject, over which the general government acts as such, he regards its acts and provisions as of a national character. Every man looks to institutions founded by Congress, as emanating from the national government, a government which he knows, and which, to a certain extent, he himself influences, by the exercise of the elective franchise, and in which it is his duty, as a good citizen, to correct, so far as in his power, whatever may be amiss. He has confidence, therefore, in the national government, and in the institutions it sanctions, as in something of his own; but the case is very different when he is called to take the paper of banks chartered by a distant state, over which he has no control—respecting which he has little personal knowledge, and of whose institutions he knows not whether they are well or ill-founded, or well or ill administered.

In exemplification of this, if you take a note of one of the best banks in the city of New York, rich as this city is, and place upon it forty indorsements of the most substantial mercantile houses, and then carry that note to the frontier, and read it to the people there, such is the nature of man, and such is his habit of looking to the nation for that medium which is to circulate through the nation, that you cannot get that New York note, with all its indorsements, to circulate there as national money. Can I give a stronger proof of the truth of this assertion than is found in a fact which you all know? Your city banks pay specie: the banks of Philadelphia and the Bank of the United States do not pay specie, and their paper is consequently at a discount here of three, and I believe of five per cent. But how is it on the frontier? I undertake to say that you may go to Arkansas, or Missouri, with a note of the specie paying banks of New York, and with another of the non-specie paying Bank of the United States, and the latter shall be preferred. And why? because it is in the name of its national predecessor. There is an *odour of nationality*, which hangs around it, and clings to it, and is long in being separated from it. (Loud cheering.)

In the next place, my opinion is, that a currency emanating partly from a national authority as broad in its origin as the whole country, and partly from local banks organized as our banks now are, and issuing paper for local circulation, is a better currency for the whole People than ever before existed in the world. Each of these classes of institutions, and each of these kinds of currency, has its own proper use and value. I affirm that the banking institutions of New York and of New England, are organized on better principles than the Joint Stock Companies of Great Britain; and I hold that we are competent, with a tolerable intellect, and with an honest purpose, to establish a National Institution, which shall act with less fluctuation than is experienced in England under the Bank of England.

Now, gentlemen, I do not at all mean to say, that there is only one mode, or two modes, of accomplishing this great national object. I do not say, that a National Bank is the only means to effect it; but in my judgment, it is indisputably true, that the currency should, in some degree, or in some portion of it, be *nationalized* in its character. This is indispensable to the great ends of circulation and of business in these United States.

But I shall be asked, (and it is a pertinent question,) if there is to be a National Institution, or if we are in any form to have National issues of bank paper, what security is there, or is there any security, that these National Institutions shall not run to an excess in their issues of paper? Who is to guard the guardian? Who is to watch the sentinel? The last twenty years have been fruitful in experience on this subject, both in the United States and in England. In that time the world has learnt much. I may say that we have learnt much; for our own experience has been our instructor; and I think that there are modes by which banking institutions may be so far restricted as to give us reasonable security against excessive issues.

From whatever source these institutions may emanate, the first security is to be found in entire publicity as to the amount of paper afloat. There is more in this than is sometimes supposed. It should be known to the whole community from day to day, what is the actual amount of paper in circulation. When prices rise or fall, a merchant has a right to know, whether the change of price springs from change in demand, or merely from change in the amount of money in circulation; and, therefore, the first duty of a banking institution is, to make it universally known, by a daily or a weekly publication, what amount of paper it has out. See what benefits would arise from such an arrangement, and that in a thousand ways. If the bank should thus make its issues public, those who control its affairs would be bound to respect public opinion, and the bank, while it controlled what is under it, would itself be controlled by something above it; and thus public opinion would be brought to regulate the Regulator, and to watch the sentinel.

Then, again, if the Government should act in this matter, what it does should rather be done in reference to the function of issue, in such an institution, than with a view to make it a money-getting concern; and that no temptation should lead the Bank to excess, there ought to be a limit to the extent of its Dividends: all receipts for discount, beyond that point, not going into the private crib, but into the public treasury. (Cheering,—and a strong expression of approbation.) Then there is another error, which has been common with the Bank of England. If you look at the monthly accounts which it has published of its affairs, it will at once appear, that its

Directors seemed to have judged of the condition of the institution by the amount of its circulation, compared with its assets, including securities, as well as bullion. They look chiefly to the amount payable, and the amount receivable. As a mere lender of money, this is all very well; but if the Bank is to act in regulating the circulation, it is an incorrect mode of stating the account: but, admitting the object to be to keep its paper redeemable, and to exercise a general regulation, the true point of examination would be to see what proportion exists between the outstanding paper, and the in-lying Bullion. The Bank may be very rich, but she may expect her resources from the payment of the securities she holds. This may be all very well, as a means to show that she is solvent, but it is not the inquiry that belongs to her, as the source and preserver of a sound circulating medium.

I know very well that there are objections to the fixing of a positive limit for circulation. But until such limit can safely be dispensed with, it may be best to make it positive. When an institution has acquired general confidence, and there is no danger of a sudden and extensive panic in relation to it, it is in the power of such an institution, in case local panics should occur, to relieve the community, by that vibration in the amount of outstanding circulation, which discreet men may be trusted to regulate. Still I am of opinion, that there ought to be a fixed limit from which the Bank should never depart.

Now, I have not said, nor do I mean to say, that one or the other mode of accomplishing this great and desirable object is indispensable, but I affirm, that in his communication to Congress vetoing the Bill to renew the charter of the United States Bank, President Jackson did say, that if he were applied to, he could furnish a plan for a United States Bank, which would be adequate to all the purposes of such an institution, and should yet be constitutional. Therefore, the thing is practicable, provided we, of this generation, can accomplish that which President Jackson said he could accomplish. (Loud laughter and cheers.)

Now, gentlemen, I have only stated what I receive as general principles, which the experience of the world has established on the subject of currency and a paper currency. But all we can say is, that it seems the existing Administration will do nothing of all this, which I have stated as necessary to be done. They have done nothing to nationalize the currency in any degree; and so long as the government holds to that determination, there never will be in this country a currency of uniform value. That brings me to this inquiry. Is the Administration settled on the ground it has repeatedly avowed, and has for three years adhered to in practice, never to give us this uniform currency? That is the question. The Administration will not go back to the policy sanctioned by forty years of prosperity. It will not trust the State Banks. It will do nothing: and it will do nothing on principle: for Mr. Van Buren holds, that

the Constitution gives Congress no power to do anything in the matter. Now, I said at the time this assertion was uttered, and I still say, that I am hardly able to express the astonishment I feel at what would seem the presumptuousness of such a position: because, from the very cradle of the government, from the very commencement of its existence, those men who made the Constitution, who recommended it to the People, who procured its adoption, and who then undertook its administration, all approved that policy which is thus pronounced unconstitutional. It was followed for forty years by every Congress, and by every President, and its constitutionality was affirmed and sanctioned by the highest judicial tribunals. And yet here a gentleman stands up, at half a century's distance, and disregarding all this legislative,—executive and judicial authority, says, "I am wiser than all of them, and I aver there is no such power in the Constitution."

The President says, "the People have decided this:" but where did they so decide, and when? Why, he says, that General Jackson declared the Bank to be unconstitutional, and then the People re-elected him: but I have told you what General Jackson did declare. He said that a National Bank might be established, which would not be unconstitutional: although he held the particular Bank then in existence to be against the Constitution. Now, if the People re-elected him after this declaration, why is it not just as fair to infer that they did so because he uttered this opinion, because he said that there might be a National Bank, and the Constitution still be preserved inviolate? No, gentlemen, the truth is, that General Jackson was re-elected, not *because* he vetoed the Bank of the United States, but *notwithstanding* he vetoed it. (Cheers.) It was the general popularity of General Jackson, and that paramount ascendency by which he ruled the Party that placed him in power, and made it bend and bow to his own pleasure, that carried him again into office. To say that the constitutional power of creating a National Bank, and regulating the national currency, was repudiated by the People, is a glaring instance of false reasoning and false philosophy. Nay, the President goes further, and says, he was himself against the Bank, and the People elected *him* too for that reason.—(loud laughter.) I do not say what actuated the People in his election; but this I will say, that if any man ever came into office by virtue, and under power of will and testament, it is that same gentleman.—(cheers.) I insist that no evidence can be produced that the American People have ever repudiated the doctrines of Washington, and condemned and rejected the decisions of their own highest Judicial Tribunals.

Now we must decide on these questions as men having a deep personal interest in them. Do you go to authority? do you appeal to Madison? You may quote Mr. Madison's opinion from morning till noon, and from noon to night on the longest day in summer, and you cannot get from the friends of the Administration one particle of answer. I

have again and again read in my place in the Senate, Mr. Madison's doctrine, that it is the duty of Government to establish a National Currency. I have shown that Mr. Madison urges this, with the utmost earnestness and solemnity. They say nothing against it, save that Mr. Van Buren, having expressed a different opinion, *got in* at the last election. (Loud laughter and cheering.)

Now when the National Bank was destroyed, or rather when its charter expired, and was not renewed, in consequence of the Executive Veto, what followed? I say that the government then put the entire business of this country, its commercial, its manufacturing, its shipping interest, its fisheries—in a word, all that the people possessed, on the tenterhooks of experiment; it put to the stretch every interest of the nation; it held them up, and tried curious devices upon them, just as if the institutions of our country were things not to be cherished and fostered with the most solicitous anxiety and care, but matters for political philosophers to try experiments upon. I need not remind you that General Jackson said he could give the country a better currency—that he took the national treasure from where it had been deposited by Congress, to place it in the State Banks, and that Congress, by subsequent legislation, legalized the transfer, under the assurance that it would work well for the country. Yet I may be permitted to remind you, that there were some of us, who, from the first, declared that these State Banks never could perform the duties of a national institution; that the functions of such an institution were beyond their scope, without the range of their powers; that they were, after all, but small arms, and not artillery, and could not reach an object so distant. The State Bank system exploded; but the Administration did not expect it to explode. At that day, they no more looked to the Sub-Treasury scheme, than they looked for an eclipse, (and they did not then expect an eclipse half as much as they do just now.) [Laughter and cheers.] When the U. S. Bank was overthrown, they turned, as the next expedient, to the State institutions; and they had full confidence in them, for confidence is a quality in which experimenters are seldom found wanting, but the expedient failed—the banks exploded; and what then?

Why, in the speech delivered in this place, by one of the ablest advocates of the measures of the Administration, Mr. Wright said, what could you expect? what could Mr. Van Buren do? He could not adopt a national bank, because he had declared himself opposed to it. He could not rely on the state banks, for they had crumbled to pieces. What then could he do, but recommend the Sub-Treasury? What does this show, but that the government, as I have said, had departed from the principles of the approved policy of forty years of national prosperity, and had put itself in such a situation that

it could not aid the country in any way? Mr. Van Buren would not retract his opinion against the bank, (although he could retract his opinion against the State Bank Deposit System fast enough,) but he would not retract the position he had taken against the national bank. The state banks had failed him; and he was driven, as his only refuge, to the suggestion of withdrawing all care over the national currency from the national government, and confining the solicitude of Government to itself alone. But how far did he carry this doctrine? Look at the draft of the first Sub-treasury bill. Does it contain a specie clause? No such thing! It is a mere regulator of the revenue on the principles of the Resolution of 1816. But what happened next? This Bill was like to fail in the Senate for want of votes.—There was a certain division in that body, at the head of which stood Mr. Calhoun, whose aid was indispensable to carry the measure, but who would not vote for it, unless the *hard money clause* should be inserted. It was inserted accordingly: and then the friends of the Administration, for the first time, shouted in all quarters, "Hard Money!" "Hard Money!" "Hard Money!" (Loud Laughter.)

By this hard necessity, the Administration was driven to a measure which it had no more expected than you expect to see your houses on fire to-night. But such are the expedients, the miserable expedients of a baffled and despairing Administration, on which they have thrown themselves as a last resort, always hoping, and always deceived, and plunging deeper and deeper at every new effort. (Loud and prolonged cheering.)

I have said, and it may be proper enough, and involve no great self-complacency to say it, that there were some of us who never ceased to warn the government and the nation, that the deposit system must explode, as it has exploded. But what was our reward? What was the boon conferred upon us, for thus apprising the administration of its danger? We were denounced as enemies to state banks, as opposed to state institutions, as anti-state-rights men, whom nothing would satisfy, but the spectacle of a great national institution, riding over and treading down the institutions of the states.

But what happened? The whole State Bank experiment, as I have said, utterly failed; and what did gentlemen of the administration do then? They instantly turned about, and with the utmost outrage of remark, reviled the banks which their experiment had crushed. They were vile, corrupt, faithless, treacherous institutions, leagued from the very beginning with the opposition, and not much better than British Whigs! (Laughter.) And when we, who had opposed the placing of the national treasure in these banks, declared that they had failed only because they were applied to a purpose for which they never were calculated, and had perished in consequence of a rash and un-

wise experiment, we were instantly told, "you are Bank Aristocrats; you are leagued with a thousand corrupt banks, and are seeking by the power of British Gold to destroy the purest Administration that ever breathed the air of Heaven!" Thus, when we said that State Banks, though good for some purposes, were not good as a substitute for a National Bank, then we were denounced as the enemies of banks; but when we wished to shield these same banks from misapplied censure, and protect them from being totally destroyed by acts of bankruptcy, then we were reviled as "Bank Aristocrats."

Now I ask you, gentlemen, as Merchants, what confidence can you place in such an administration? Do you see any thing that they are disposed to do to restore the times you once enjoyed.—(Groans, and loud cries of "No," "No.") I perceive that your opinion corresponds with my own, and that you cannot lend your support to men who turn their backs on the experience, the interests, and the institutions of their country, and who openly declare that they will not exercise the powers which have been conferred on them for the public good. (Cheers.)

Now, gentlemen, I will observe to you further, that it appears to me, that this Administration has treated the States in reference to their own affairs just as it has treated the state banks. It has first involved them in the evils of extravagance, (if any extravagance exists,) and has then abused them for the very thing to which its own course has strongly invited them. Commencing with the Messages of Mr. Van Buren himself, and then looking at the reports of his Secretaries, and the resolutions and speeches of Mr. Benton and Mr. Grundy, in the Senate, and at the outcry of the whole Administration press, there appears to be a systematic attempt to depress the character and credit of the States. It is everywhere said, that "the States have been rash and extravagant;" "the States will yet have to repent of their railroads and canals, and projects of internal improvements." This is the burthen of the President's Message, of the reports of his secretaries, and the resolutions of his friends. Now I solemnly ask, is not the tendency of such a course of measures virtually to affect the credit of the States that have out-standing bonds and obligations in the market?

Let us look into this matter a little. Let us see under what circumstances it was that the States were induced to contract these large debts which now embarrass them. And here let me call your attention to a few facts, dates, and figures. And first, I now here to-day, in your presence, charge upon the Administration of the General Government those great expansions of paper money, and sudden contractions, both of which have so deranged our affairs. I propose to prove the charge; and with that view now proceed to

lay before you facts, and dates, and transactions, which must carry conviction to every honest and candid mind.

Let us go back to the year 1832, when it was perfectly settled by the veto of President Jackson, that the Bank of the United States would not be rechartered. Suppose we take a series of years by tens, and trace the history of the creation of State Banks in this country. From 1820 to 1830, a period of ten years, there were created in the United States twenty-two new banks, and their creation added to the banking capital of the country but eight millions of dollars. During this period, the Bank of the United States was in full operation, and nobody entertained a doubt but that it would be continued. How was it in the next ten years? From 1830 to 1840, the increase of banks, instead of twenty-two, as in the preceding ten years, was three hundred and forty-eight; and the increase of banking capital, instead of eight millions, amounted to two hundred and sixty-eight millions. Such has been the progress of bank expansion during the charming, the successful years of the experiment. But further; not only was there this great augmentation in the number, and in the capital, of the banks, but the extraordinary proceeding followed of the removal of the deposits in 1833. In consequence of this, it was by the Government declared to be the duty of all its deposit banks to lend the public money freely to the commercial community. The Secretary of the Treasury, in his circular, issued, I think, in September, 1833, told these institutions expressly, that it was their duty to discount freely, and laid it down as a maxim, that the money of the Government, between the periods of its collection and disbursement, ought to be at the use of the community. I remember, indeed, to have heard it said by the cashier of one of the banks in this street, that "he hardly knew what to do, for he was ordered to lend more of the public money than he could get security for." [Laughter.] It is from this increase of banks, and this increase of issues, and from that alone, that the expansion so injurious to the country really sprang.

I know it may be said that there were expansions and contractions during the existence of the Bank of the United States. This I do not deny. The administration of that institution, I admit, was not always perfect; but I say, taking the whole period, of near half a century, during the existence of such a bank, the country was freer from violent and sudden extremes of contraction and expansion than it has ever been since that time. Why will not a fair reasoner draw his conclusions from the entire history of his country as a whole? In his late speech from this place, Mr. Wright said he would not look back to the history of the first Bank of the United States: he said, that under the second National Bank, there were great evils,—but did he deny that, taking the whole forty years together, the country

was less liable to fluctuations than it has since been? Not at all. Well, in the midst of this great expansion of banks and banking capital came the Specie Circular, whose tendency was to produce, and which did in fact produce, great and sudden contractions. This violent action and re-action, superinduced on a previous state of pecuniary expansion, is fairly chargeable to the Administration itself, and is to be traced to the action of the Government, more than to all other causes.

But to return. How does it stand with respect to the States? Under what patronage, and at whose recommendation, did they contract the large and onerous debt of two hundred millions of dollars? Who induced this? Under what circumstances at home was it done? From 1820 to 1825, the aggregate of State Debts amounted to twelve or thirteen millions. From 1825 to 1830, it stood at thirteen millions, —but during the period from 1830 to 1835, it rose to forty millions. The effect of the increase of circulation did not begin fairly to developе itself in the country till 1834 and 1835. Then the state debts were augmented to forty millions, and between 1835 and 1840, they rose to one hundred millions.

It appears from tables supposed to be accurately compiled, that the amount of stock issued by the several States, for each period of five years, since 1820, is as follows, viz :—

From	1820—1825	somewhat over	12,000,000.
	1825—1830	" "	13,000,000.
	1830—1835	" "	40,000,000.
	1835—1840	" "	109,000,000.

Of which amount of one hundred and nine millions, nearly the whole was issued during 1838 and 1836, and part of 1837, that is to say, in the most palmy time of the Experiment.

So it appears that these "extravagant" state debts were contracted when the currency was most redundant: when the States, in common with all the country, were urged, and goaded, and lashed on to borrow: and when all sorts of extravagant hopes and schemes were indulged among the people. To this very redundancy, thus caused by the government itself, in the vast multiplication of banks, and the free extension of loans, are to be traced these rash engagements of the States, for which they have been reviled in all quarters, from the head of the Government down to its lowest agency. There were one hundred millions of debts created in 1835 and 1836, in the very midst of the glow and flow of the deposit system. It was in these very years, distinguished, as the Administration say, for prudence and public prosperity, that the creation of the State debts kept pace with the bank creation and accommodation. The bank creation and accommodation kept pace with the government experiment, and the government experiment kept pace with the most rapid delusion

which ever characterized any administration upon earth, or ever carried away an intelligent people. (Loud cheers.)

And now I am on this subject, I must say a word or two on another topic which it naturally suggests. One of the charges of the day is, that the opposition to the Administration has come out with a project for the assumption of all these State debts by the general government. This charge was broached as a subject of attack on the Whigs in the Senate early in the last session. Let us look a little into facts. I have said that the general government encouraged the States to contract debts by making the currency plentiful; but they have also done this in another manner. It has been one of the favorite projects of the Administration since the removal of the deposits, to vest the surplus revenue, and the increased funds of the United States, in state bonds. I do not say this is an assumption of the state debts, but I do say, that the general government did encourage the states to issue bonds, and did endeavor to give them all the credit it could.

In 1836, the project was taken up of distributing the surplus revenue among the states. This was not, indeed, a favorite measure of the leading men of the Administration, but was carried rather against their wishes. In May of that year, it was moved by Mr. Wright of New York, then and now a prominent leader of the Administration party in the Senate, that this surplus should be vested in State Stocks, and that whenever any further surplus might occur, it should be vested in the same manner. When the Bill to regulate the State Banks was under consideration, and a thirteenth section was proposed, distributing the 40,000,000 surplus among the States, Mr. Wright moved to strike out that provision, and to insert in lieu of it, another clause, vesting the whole of the money in State Bonds. And again, when the first Sub-Treasury Bill was brought forward, the same gentleman tacked on it a provision, that the surplus amounts in the Treasury should be vested in state bonds. And finally there were other sums, which we held in trust, from the sale of Indian lands for the payment of Indian annuities, as well as the Smithsonian Legacy, which were also authorized to be held in state bonds. I say, therefore, that so long as the contraction of those state debts was favorable to the administration, they were the foremost of all men in fostering state credits, and in encouraging the states to enlarge their liabilities. For my associate Mr. Wright declared "that he would undertake to say, that he was not afraid to recommend such an investment of the national funds, as the States would issue *as many bonds as the government might choose to buy!!*" (Loud laughter and cheers.)

[At this point of the speech, the wind blowing freshly, and Mr. Webster having spoken uncovered, some voice in the crowd sug-

gested that he should put on his hat; but the courteous orator, glancing his eye towards the windows, which were crowded with ladies eagerly listening, playfully replied, "That I cannot do. I must consent to take cold now and then for the good of my country." The remark was received with laughter and some acclamation.]

But now, after all this, these same gentlemen, over-reaching the whole intervening period, and going back to the beginning, reproach and criminate the States from the very outset, for contracting the engagements to which the Government itself incited them. I do not say that this was an assumption of the State debts, but it certainly was holding them up to Europe and the world as worthy of confidence, so long as it suited the purposes of the Administration so to do. And very pretty purposes it would have answered in view of the coming election, had they succeeded in their object, and the Secretary of the Treasury been vested with unlimited discretion to purchase state bonds at his pleasure. Suppose such a power now existed, and Mr. Woodbury, conscientious and scrupulous as he is known to be, (loud laughter and shouts) was asked by us of Massachusetts, for instance, or had lately been asked by our good sister of Maine (laughter) to vest money in state bonds: how do you think the money would have been applied? No doubt, it would have been given freely to the *patriotic* states, but as carefully withheld from those not deemed worthy of that title.

For this declaration, that the Whigs in Congress are in favor of the assumption of the state debts by the General Government, there exists not one particle of proof, nor the least possible foundation. I do not myself know a single man in Congress, who holds the opinion that the general government has any more right to pay the debts of a state, than it has to pay the debts of a private individual. Congress might as well undertake to pay the debts of John Jacob Astor, as of the state of New-York. I exempt, however, from these remarks, the distribution among the states of the proceeds of the public lands, and their application to pay the debts of the states, should the states choose so to apply the money. But I say there is no foundation whatever for such a plan of assumption as Mr. Benton and Mr. Grundy have so zealously declaimed against in the U. S. Senate.

You have all heard in the public papers, (and it is one of the most despicable of all the inventions of the enemy) that transactions took place, in which I had a part, the object of which was to persuade Congress to assume the state obligations, and that I went to England for the worthy purpose of furthering such a design. (Laughter and shouting.) Now, as I am among you this day, as among my friends, I will tell you all about it. I left this country in May, 1839. At that time I had neither read nor heard from living

man of any such design. I went to England, and I must be permitted to say, that it was a most gloomy time, so far as American securities in general, and the state debts in particular, were concerned. But, I declare to you on my honor, that no European banker or foreign holder of state securities ever suggested to me, in the remotest manner, the least notion of the assumption of the state debts by the General Government. Once, indeed, I did hear the idea started by an American citizen, but I immediately told him that such a thing was wholly unconstitutional, and never could be effected, unless the people should adopt a new constitution. It was quite natural that I should be applied to in reference to the state debts. The state to which I belong had sent out some stock to England to be sold, and so, I believe, had the state of New-York. We heard, continually, the most gloomy accounts from the United States, and, in fact, this very thing was, to use a common expression, a great damper to my enjoyment while abroad. People frequently applied to me to know what security there was, that the American debts would be finally paid, and the interest, in the mean time, regularly discharged. I told them they might rely on the plighted faith of the states, and their ability to redeem their obligations. Nobody asked me whether there could be a U. S. guaranty to that effect, nor did I suggest such an idea to any one. Gentlemen came to me to ask about the Massachusetts Bonds. They liked the offer of five per cent. interest very much, as this was high for an English capitalist, but they wanted to know what assurance I could give that the investment would be a safe one. I went to my trunk and took out an abstract of the official return of the amount of the productive labor of Massachusetts. I put this into the hand of one of those inquirers, and told him to take it home and study it. He did so, and in two days returned, and invested forty thousand pounds sterling in Massachusetts stock. (Cheers.) Others came and made similar inquiries as to New-York securities. I gave them a copy of the very able and admirable Report made by your townsman, Mr. Ruggles, in 1838, and they came back satisfied. But to none did I suggest, or in the remotest manner hint, that they could look to the United States to secure the debt. I endeavored to uphold the credit of all the states. I remembered that they were all my countrymen, and I stated facts in relation to each, as favorably as truth would allow. And what happened then? Gentlemen, it is fit that you should know, that there exists a certain *clique* in London, who are animated by an unextinguishable hate of American credit. You may set it down as a fact that it is their daily, their incessant, vocation, to endeavor to impair the credit of every one of the states, and to represent the purchase of their bonds as an unwise and dangerous investment of money. On this subject their ferocity knows no mitigation: it is deaf to all justice, and proof against all reason

The more you show them it is wrong, the more tenacity of purpose do they exhibit. That part of the public press over which they have control is furnished, I am ashamed to say, with matter drawn from publications which originated in this city, and the object of which is to prove, that state bonds are so much waste paper, the state having no right to issue any such obligations, their holders being, therefore, utterly destitute of any security. And these miserable and contemptible speculations are put into the papers of the largest circulation in Europe, and enforced by all the aid they can derive from editorial sanction. It was under circumstances like these that a large Banking House in London put to me as a Lawyer, the professional question, whether the States were empowered to issue evidences of debt payable by the state. I answered that, for this purpose, they were as completely sovereign as any State in Europe; that they had a Public Faith to pledge, and did pledge it. This entire correspondence was published—(though you might as well get any Administration Editor in this country to take hold of a pair of hot tongs as to insert it in his columns)—in the face of those who have been shouting in all quarters, that I had a personal agency in bringing about an assumption of state debts by the General Government.

It so happened, that in the latter part of October, the house of Barings issued a Circular to foreign houses on this subject, which Circular I never saw till I arrived in America. In this paper they speak of such an assumption or guaranty, but as it went to foreign houses, I never saw, nor did I hear of it till last December, when I heard at the same time of the proceedings of Mr. Benton. But I here wish again to repeat, that during the whole time I was in Europe, no English banker or foreign bond-holder ever suggested an idea of such an assumption. The first I heard of it was from an American citizen there, and not again till my return to this country. I have said, that owing to the bad news which was constantly received from this country, the pleasure of my visit was much diminished. I will now say, that during the whole time of my absence, I had the lowest hopes, as to the political state of the country, which I ever indulged. I saw the fatal workings of the experiment, and I saw that nothing wiser or better was in the mind of the Administration. And though I knew that a vast majority of my countrymen were opposed to the existing policy, yet I did not see them sufficiently roused, nor had I confidence that they would ever come to that cordial union in relation to any one candidate for the Presidency, which would enable them, as a party, to take the field with any rational hope of success. (cheers.)

Such were the gloomy feelings which possessed my mind, when I first learned the result of the Harrisburgh Convention. (Shouts and cheers.) But, when I saw a nomination which, though unwelcome at

first to many, I thought the best that could possibly have been made, and learned that it was fast gaining the approbation of all who thought with me; and above all, when I beheld the warm enthusiasm and the heartfelt union which soon animated their ranks, and concentrated their movements, I then began to entertain a confidence that the hour of deliverance was at hand, and that my long-suffering country would yet relieve herself from the disastrous condition to which she had been reduced. (Loud and long cheering.)

After a brief pause, Mr. Webster said, I hope, gentlemen, you will not be alarmed, if I take from my notes one more paper, (loud cries of "go on"—"go on" "we can hear you an hour yet"—"speak on till sun-down,") I will detain you but a few moments in briefly expressing the opinions I entertain in regard to the Sub-Treasury. It appears to me to be a scheme entirely new to our history, and foreign to our habits, and to be the last of a series of baffled experiments, into which the representatives of the people have been lashed and fatigued by the continued exercise of executive power, through four mortal sessions of Congress.

I will say a word or two in relation to the system under the various aspects in which its friends have supported it. What are the arguments in its favor? The leading argument was that of safety to the Government. This was a plan to keep the Public money where rogues could not run away with it. Now I think there is a way to prevent that, which would be much more effectual, and that is not to trust rogues with the keeping of the public money. (Laughter.) But as to the notion of better vaults, and more secure, is it not the most ridiculous of all humbugs? I do not know in which of the bank vaults around me the Receiver General keeps his funds. If they are in a vault different from that which belongs to the bank, I will venture to say it is no better and no safer. It is said, however, that by this means government is to keep its own money. What does this mean? Who is that government? Who is that individual "I," who is to keep our money in his own pocket? Is not government a mere collection of agencies? Is not every dollar it possesses in trust with somebody? It may be put in vaults under a key, but the key is given to somebody to keep. Government is not a person with pockets.

The only question is, whether the government agents under the sub-treasury are any safer than the government agents before it was adopted? Mr. Wright, indeed, has assured us, that the agents under the sub-treasury are made responsible to the people. But how? in what respect? The Receiver General gives bonds, but how is he more responsible on that account than the Collector in another street, who, like him, receives the public money, and like him gives bonds for its safe keeping? It is just the same thing. One of

these officers is just as far from the people, and just as near to the people, as the other. How then is the Receiver General more directly responsible? There is not a particle of truth or reason in the whole matter. If the vaults are not better, is the security better? I have no manner of doubt that the Receiver General in this city is a highly respectable man, but where is the proof that the government money is any safer in his vault than in the bank where he has his office? Suppose Mr. Allen had a private office of his own at a distance from the bank, and should give the same bonds he now does, for the safe keeping of all moneys intrusted to him, how many of you would deposit your private funds in his office, rather than in a bank having half a million or a million of dollars capital, under the government of directors whose own fortunes were deposited in its vaults? Try the experiment, and see how many would resort to Mr. Allen, and how many to the Banks.

So far from being safer, I maintain on the contrary that this Sub-Treasury scheme jeopards the public money, because it multiplies the hands through which it is to pass, and thereby multiplies the chances of corruption, or of loss. Your Collector, Mr. Hoyt, receives the money on duty bonds. He holds it subject to the draft or order of the Secretary of the Treasury, or else is to pay it over to Mr. Allen. If Mr. Hoyt were dishonest, might he not have shared the money before the Receiver General could get at it? The scheme doubles the chances of loss by doubling the hands which are to keep the money.

But this scheme is to encourage the circulation of specie! I certainly shall not detain you on a matter with which you are more familiar than I am; but let me ask you a few questions. By one clause of the Sub-Treasury Law, one-fourth of all the duties bonded is to be paid in specie, and the residue according to the resolution of 1816. Now I want to know one thing: if one of you has a Custom House Bond to pay, you go to the Collector with a certified check purporting to be payable *in specie*, for one-fourth of the amount, and another check, in common form, for the other three-fourths. Does not the Collector receive these checks? That is the question I ask you. (Loud cries of "Yes, Yes—he does—he does.") Well, then is not all that part of the law, which requires the payment of one-fourth in specie a mere sham? (Cries of "Yes," "Yes," "Sham!" "Sham!" "Humbug!") If you go to him with a draft, and demand specie, he will no doubt give it to you if you request it, but if not, he gives you good notes. Where then is all this marching and countermarching of specie, which was to gladden our eyes? Is it not all humbug? (Loud cheers and shouting.) What does the Collector do with the money when he gets it? Does he not deposit it in a bank of a very unsavory name? I do not certainly know, but I believe he deposits it in the Bank of the United

States. He afterwards pays it over to the Receiver General, and gives him all the specie he wants; and yet, after all, there is no general use of specie in the matter.

They speak about a divorce between bank and state; and what does it amount to? I ask you, is not the great amount of Government funds at this moment in safe keeping in some bank? I believe it is. Then there is no separation. The Government gives the money to individuals to keep, and they, like sensible men, put it into bank. Is this separation? If any change is made in the connection it is to render it more close, and like other illicit connections, the closer it is, the more secret it is kept.

It is called the "Independent Treasury," and some of its friends have called it "a second declaration of independence." Independence! how? of what? It is dependent on individuals, who immediately go to the bank; and is it to be tolerated that there should be this outcry about the use of specie, when here, you, in the heart of the commercial community, see and know that there is no such thing?

But though at present this is all sham, yet that power to demand specie, which the Law contains, when its requirements shall cover the whole revenue of the government, and when that revenue shall be large, may, in its exercise, become a most dangerous instrument. When government shall have, in the banks of this city, twelve to fifteen millions of dollars on deposit, as it has had, it will be in the power of the government to break down at its pleasure one, if not all of these institutions. And when you go to the West, where the money is received for the Public Lands, every specie paying bank in the country may, at the mere pleasure of the government, be compelled to shut up its doors.—But this Independent Treasury is to be independent of the banks! Well, if the Sub-Treasury Law is to be called the second Declaration of Independence, then there is a third Declaration of Independence, and that is the Treasury Note law. How marvellously free does that make us of banks! While two millions of these notes bearing interest are deposited there,—and there,—and there,—in all these banks around me! Deposited? How deposited? They are sold—and how sold? They are deposited in these banks carrying interest, while the bank gives the government authority to draw for money as it shall need. Now I say the bank may make, not a very unreasonable, but a very reasonable amount by the interest in these notes, before it is called on to pay out any of its own money. One of these accounts between bank and Government was examined by a friend of mine: I had not myself time to look at it. The bank received Treasury notes bearing interest: it passed these to the credit of Government, at the nominal amount: the Government was then to draw for money as

it wanted it; and, on that single transaction, the bank realized between eighty and a hundred thousand dollars in interest. Now this is what I call a third Declaration of Independence! (Laughter and cheers.) You know by the Secretary's Report, that the Government has already issued nearly the whole of the five millions authorized by Congress. Two millions lie in the banks drawing interest, the banks paying Government drafts as they come in. And this is setting up for independence of the banks!

Again, the fashion now is, since Mr. Calhoun has forced the Administration to insert in the Law the specie clause, for Government to discredit the use of bank paper whenever it can. That is the general tone of the government communications. They avow such to be their object, and I believe them. But who can tell the consequence of discrediting bank paper, if our revenues should ever again become what they have been in times past? It is a power by which government can break the solvent banks, but can never make the insolvent return to their duty.

But then it is said, all this cannot be any great matter, because Mr. Wright tells us, that in ordinary times, five millions of dollars will perform all the operations of receipt and expenditure. Now, that proposition depends upon Mr. Wright's estimate of what the expenditure will be. Does he expect to reduce it to the standard of Mr. Adams's administration, once denounced as so extravagant? Does he expect to reduce the thirty-nine millions to thirteen millions? or will he go below that? He does not tell us. For my own part, I believe, five, or five and a half millions would be a moiety of the average amount of specie in all the banks in the city. You can judge for yourselves what must be the effect of withdrawing one half of all the specie in these banks, and of locking it up in the Sub-Treasury vaults.

But how does all this stand with Mr. Wright's main argument? He says that the great object to be effected by the Sub-Treasury law, is to prevent fluctuations by preventing the banks from discounting upon the public money; but if five millions of dollars only are needed for the ordinary treasury operations, can such a sum as this have produced all the fluctuations in the commercial community? Surely not. In his printed speech he says, that the chief practical difference produced by the law is, that the money is now kept by Mr. Allen, which used to be kept by the Bank of America. But is that all? What, then, becomes of the specie clause? I suppose he knows that was all a sham.

Gentlemen, I will not detain you longer on the practical operation of this sub-treasury scheme. So far as relates to the receipts and disbursements of the public treasure, you know better than I. A great part of these operations take place in your own city. But permit me now to go for a moment into the political objection to this

sub-treasury scheme: I mean *its utter omission of all concern with the general currency of the country.* This objection is cardinal and decisive. It is this which has roused the country, and which is to decide the fate of the present Administration. But the question is so general, it has so long been before the country, and so frequently discussed in all quarters, that I will not further extend my remarks in regard to it. I believe that the mind of the people is now thoroughly awakened, and that the day rapidly approaches when their final judgment will be pronounced.

There is yet one topic on which I must detain you for only a moment, and I will then relieve you. We have the good fortune, under the blessing of a benign Providence, to live in a country which we are proud of for many things—for its independence, for its public liberty, for its free institutions, for its public spirit, for its enlightened patriotism; but we are proud also—and it is among those things we should be the most proud of,—we are proud of its public justice, of its sound faith, of its substantially correct morals in the administration of the government, and the general conduct of the country, since she took her place among the nations of the world. But among the events which most threaten our character and standing, and which so grossly attach on these moral principles that have hitherto distinguished us, are certain sentiments which have been broached among us, and I am sorry to say, have more supporters than they ought, because they strike at the very foundation of the social system. I do not speak especially of those which have been promulgated by some person in my own State, but of others which go yet deeper into our political condition. I refer to the doctrine that one generation of men acting under the Constitution, cannot bind another generation who are to be their successors; on which ground it is held, among other things, that state bonds are not obligatory. What? one generation cannot bind another? Where is the line of separation? It changes hourly. The American community to-day is not the same with the American community to-morrow. The community in which I began this day to address you, is not the same as it is at this moment.

How abhorrent is such a doctrine to those great truths, which teach us that though individuals flourish and decay, states are immortal; that political communities are ever young, ever green, ever flourishing, ever identical. The individuals who compose them may change, as the atoms of our bodies change, but the political community still exists in its aggregate capacity, as do our bodies in their natural; with this only difference, that we know that our natural frames must soon dissolve, and return to their original dust; but, for our country, she yet lives—she ever dwells on our hearts, and it will even at that solemn moment, go up as our last aspiration to Heaven, that she may be immortal.

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The foregoing Speech was made at a Meeting, held in pursuance of a call, of "the Merchants and Traders of the city of New York, who disapprove of the leading measures of the Administration, and are opposed to the re-election of Martin Van Buren, and in favor of the election of Harrison and Tyler," in front of the Merchants' Exchange, Wall street, on Monday, September 28, 1840. The following gentlemen, on nomination of Wm. W. Todd, were appointed officers of the meeting.

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Vice Presidents,

Benjamin Strong,
James Brown,
Edward G. Faile,
David Lee,
Jonathan Sturges,
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